

ANNEX P ENERGY SUPPLY

I. SITUATION AND ASSUMPTIONS

- A. Severe weather conditions, such as blizzards, ice storms, heat waves or tornadoes may cause shortages in energy supplies by disrupting transportation services, interfering with delivery through transmission lines, or by forcing higher than normal usage of energy for heating or cooling.
- B. Various technological, man-made, or natural incidents, including terrorism, employee strikes, or international conflict could cause curtailment of energy supplies.
- C. An international or domestic event could seriously disrupt energy infrastructure and supply thereby threatening national security and curtailing the availability of energy resources in Kentucky.
- D. The involvement of the U.S. in a major conventional war would cause the reallocation of energy resources, forcing rationing or voluntary curtailment of their use.
- E. Depending on the situation, national or statewide rationing or conservation may be imposed; this could cause activation of Annex O Economic Stabilization and Resource Management. In order to activate Annex O, new federal legislation would have to be enacted.
- F. Federal assistance will be provided using the National Response Plan ESF #12 "Energy".

II. MISSION

The purpose of this annex is to provide for the organization, coordination, and direction of all energy resources within the state for use during an emergency. This is done by defining and establishing responsibility and authority in energy matters at the various levels within the state.

III. DIRECTION AND CONTROL

- A. Kentucky Division of Emergency Management (KyEM) Director is the Governor's designated representative to coordinate the Commonwealth's response to all state emergencies. During an energy emergency the Director receives guidance and recommendations from agencies that comprise the Kentucky Energy Resources Management Board (ERMB). Additionally, the Director coordinates energy emergency policy and actions with the ERMB Chairman, Environmental and Public Protection Cabinet (E&PPC) Secretary. The Director is responsible for coordinating issues concerning local government operations and works directly with local government through the KyEM area managers.

- B. Kentucky Energy Resources Management Board - State agencies on the ERMB are responsible for communicating ERMB policies/directives to their respective public sector constituencies; representing the needs and interests of their respective constituencies and serving as liaison to national or regional organizations that deal with the same energy issues and/or constituent groups. In the event of a severe disaster or war-related crisis the Kentucky Energy Resources Management Board will be assembled. Permanent members of the ERMB are Public Service Commission, Kentucky Division of Energy, Department of Mines and Minerals, Department for Surface Mining Reclamation and Enforcement and the Attorney General.
- C. E&PPC Secretary is responsible for overall coordination and control of ERMB and chairs the ERMB. The Chairman coordinates ERMB activities with Kentucky Division of Emergency Management and the Office of the Governor, as appropriate.
- D. If the federal government establishes controls on energy sources, Kentucky may put into effect its emergency Resource Management Plan (See Annex 0).

IV. CONCEPT OF OPERATIONS

- A. State Government: Energy emergencies affecting the State will normally be managed by agencies that comprise the Kentucky Energy Resources Management Board (ERMB). These agencies will coordinate with the Kentucky Division of Emergency Management (KyEM). ERMB organizational chart is at Appendix P-1. Energy emergencies of limited scope will typically involve one or two agencies that coordinate directly with the KyEM. Energy emergencies should be managed at the most appropriate level to resolve the problem. State agencies initiating a response and providing assistance shall coordinate with other ERMB agencies, as appropriate. At all phases of an energy emergency KyEM is the primary point of coordination and must be advised of all assistance provided. KyEM and appropriate law enforcement and emergency response agencies must be immediately alerted should events deteriorate to the extent that citizens and property within the Commonwealth are exposed to greater risk. Agency roles are discussed below.
 - 1. Public Service Commission, Division of Engineering Director - serves on the ERMB. Responsible for all issues dealing with natural gas and electrical service, including utilities normally considered non-jurisdictional. Also responsible for natural gas pipelines and electric transmission issues. Chairs the Gas and Electrical Services Committee.
 - 2. Division of Energy Director - serves on the ERMB. Responsible for all issues dealings with petroleum industry [all liquid petroleum fuels and liquid petroleum gas (LPG)]. Chairs the Petroleum Products Committee.
 - 3. Department of Mines and Minerals Commissioner - serves on the ERMB. Responsible for all issues dealing with oil and natural gas production. Chairs

the Oil and Gas Production Committee. Coordinates with the Department for Surface Mining Reclamation and Enforcement on coal related issues.

4. Department for Surface Mining Reclamation and Enforcement Commissioner – serves on the ERMB. Responsible for all issues dealing with coal production. Coordinates with the Department of Mines and Minerals as necessary. Chairs the Coal Production Committee
 5. Office of Attorney General, Consumer Protection Division Director - serves on the ERMB. Represents interests of the general public. Deals with issues involving price gouging for all energy sources except for utilities under the jurisdiction of the PSC. Chairs the Consumer Affairs Committee.
 6. Other State Agencies and Departments - Depending on the severity and duration of the energy emergency other state agencies may join on an *ad hoc* basis or as permanent members of the ERMB. These agencies may include but are not limited to the Finance and Administration Cabinet, Transportation Cabinet, Commerce Cabinet, Department of Agriculture, Cabinet for Health and Family Services. These agencies may find it beneficial to establish committees with public sector agencies, private companies and associations to resolve problems and expedite solutions.
- B. Advisory Committees will be established to assist the ERMB in developing recommendations and policy for energy emergency response and management. Initially there will be five standing committees: Gas and Electrical Services Committee; Oil and Gas Production Committee; Coal Production Committee; Petroleum Products Committee; and Consumer Affairs Committee.
1. Gas and Electrical Services Committee - composed of representatives from the natural gas and electrical industry. Includes representatives from Municipal Electric Power Association of Kentucky (MEPAK), the Kentucky Association of Electric Cooperatives, Inc. (KAEC), TVA, and investor-owned natural gas and electric utilities.
 2. Oil and Gas Production Committee - composed of representatives from the oil and gas industry. Includes representatives from the Kentucky Oil and Gas Association (KOGA).
 3. Coal Production Committee - composed of representatives from the coal industry. Includes representatives from the Kentucky Coal Association (KCA) and Kentucky Coal Council.
 4. Petroleum Products Committee - composed of representatives from the petroleum industry. Includes representatives from the Kentucky Petroleum Council (KPC), Kentucky Petroleum Marketers Association (KPMA), Kentucky Gasoline Dealers Association, Kentucky Propane Gas Association (KPGA), major petroleum suppliers and Kentucky Motor Transport Association

(KMTA).

5. Consumer Affairs Committee - composed of representatives from the Kentucky Chamber of Commerce, Associated Industries of Kentucky (AIK), Kentucky Association of Counties (KACo), and Kentucky League of Cities.

C. Local Government

1. County governments are responsible for the coordination of all energy resources within their respective areas in coordination with the Kentucky Division of Emergency Management.
2. Each County Judge/Executive (or Mayor of an urban county government) will coordinate energy resources and supplies during an emergency with the ERMB through the Kentucky Division of Emergency Management
3. Each County Judge/Executive (or Mayor of an urban county government) will identify and arrange for initial supplies of petroleum products for emergency and life critical services. These supplies must consider both vehicular and facility requirements.
4. Local governments will develop energy emergency plans using the guidelines provided in Annex P (Energy Supply Management), Kentucky Division of Emergency Operations Generic County Plan

D. Industry

1. Energy industries are responsible for operating their systems and facilities to provide the maximum possible service within their capabilities, and fulfill essential needs as specified by appropriate governmental authorities. This includes responsibility for management, continuity, personnel and facility protection, conservation of supplies, restoration of damaged facilities, and the expansion or improvement of systems as practical and as necessitated under emergency conditions. In order to carry out these responsibilities, the ERMB will convene with industry committees to recommend priorities, provide guidance and develop solutions. Operational control of the energy industries will remain with the responsible officials of the industry.
2. All other industries will coordinate through the Consumer Affairs Committee or the state agency that deals with their industry.

E. In the event of an energy shortage, the following general steps can be taken by the Commonwealth, as appropriate.

1. Develop and implement a public information and education program providing accurate and timely information to the public to minimize panic buying and

reactive behavior (See Annex E, Public Information).

2. Minimize transportation impediments.
 - a. Request the assistance of local and state agencies in road clearing activities during periods of snow and ice. (This may include the clearing of private driveways if necessary for delivery of fuel supplies for protection of life and property.)
 - b. Request through transportation companies involved or appropriate federal agencies the priority movement of petroleum products, coal or other fuels on rail, waterways, pipelines or other means.
 - c. Work with appropriate state and federal agencies to remove restrictions on highway transportation (e.g., weight limits, hours of service, route restrictions, etc.) without causing safety or other problems.
 - d. Assist suppliers and consumers in locating transportation for petroleum products, coal or other fuels.
3. Request all County Judge/Executives (or Mayors of an Urban County Government) to develop local programs designed for energy conservation, particularly in the commercial sector. [See Annex P (Energy Supply Management), Kentucky Division of Emergency Operations Generic County Plan.]
4. Request that state and other offices operate on a reduced hours schedule.
5. Meet with representatives of suppliers of affected energy sources to fully assess the problem.

F. Energy Emergency Responses

This section identifies possible emergency response actions that may be appropriate for implementation, depending on the characteristics of the event and the area impacted. The measures included in this plan represent a series of options that could be considered when faced with an energy emergency. These are designed both to manage limited supplies and to reduce the demand for energy. The supply management measures are intended to ensure that essential needs are met and to reduce the impact of localized shortages. The demand restraint measures are intended to help the public cope with a shortage by reducing the demand for energy. If, during a shortage, the demand for energy can be rapidly reduced, prices will stabilize more quickly and will moderate the degree of price increase that might otherwise occur.

1. Implementation of these emergency responses should be based on the following tenants:

- a. The top priority should be to meet the needs of activities that are essential to the health and safety of the citizens of Kentucky.
- b. The responses should rely on the market to the greatest degree possible to meet demands.
- c. The responses should rely on voluntary actions to the greatest degree possible but certain conditions will inevitably call for mandatory requirements.
- d. Responses should stress voluntary cooperation with energy suppliers.
- e. State personnel and resources should be used to the highest degree possible.
- f. Coordinate information and press releases to ensure that state agencies speak with a common voice.
- g. Keep citizens informed of the situation and most recent developments to minimize panic buying and reactive behavior.

2. ELECTRIC POWER OUTAGES OR SHORTAGES

- a. Develop and implement a public education and information program regarding electric power conservation.
- b. Promote substitution of other fuels where feasible. Aid in securing variances to air pollution regulations so facilities that are equipped to burn coal may do so.
- c. Provide, arrange or subsidize financial incentives for electric power conservation for homes and businesses.
- d. Curtail use by and/or impose electric power conservation goals on State government facilities and operations.
- e. Develop and impose an electric power-rationing scheme for the impacted area based on time of day, type of use or similar criteria.
- f. Require implementation of a time of day/day of week pricing scheme to reduce peak demand for the duration of the event.
- g. Temporarily suspend or waive enforcement of state-mandated rules and regulations to allow use of alternative fuels and/or alternative operating conditions.

- h. Request or require modification to scheduled electric generating unit maintenance outages pending resolution of electric energy shortages.
- i. Impose criteria and/or guidelines for prohibitions on curtailment of electricity supply to local critical uses and/or other high priority electricity users.
- j. Subsidize purchase of additional electric power on the wholesale market by the state's utilities.
- k. Subsidize purchase and installation costs of standby generators for public and private sector critical facilities.
- l. Provide cost subsidies for purchase of fuels for electric power generation.
- m. Impose temporary price controls on the retail and/or wholesale costs of electricity.
- n. Temporarily halt electricity service disconnections for non-payment.
- o. Provide subsidies, loans, grants or similar financial support to financially disadvantaged families for payment of higher electric costs.
- p. Temporarily provide electric generators to key employers and important community facilities to sustain operations and to mitigate losses in revenue generated or employment.
- q. Provide low-interest or interest-free loans on an emergency basis to support businesses and industries in the impacted areas.

3. NATURAL GAS OUTAGES OR SHORTAGES

- a. Develop and implement a public education and information program regarding gas or propane conservation.
- b. Promote substitution of other fuels where feasible. Aid in securing variances to air pollution regulations so facilities that are equipped to burn coal may do so.
- c. Provide, arrange or subsidize financial incentives for natural gas conservation for homes and businesses.
- d. Curtail use by and/or impose gas conservation goals on State government facilities and operations.
- e. Temporarily suspend or waive enforcement of state-mandated rules and regulations to allow use of alternative fuels and/or alternative operating

conditions.

- f. Recommend that interruptible service plans be initiated.
- g. Purchase and/or subsidize purchase on the wholesale market of natural gas redistribution to the impacted areas.
- h. Provide subsidies, loans, grants or similar financial support to financially disadvantaged families for payment of higher natural gas costs.
- i. Provide for allocation or non-essential use prohibitions in the impacted areas.
- j. Purchase gas for delivery to critical facilities in the impacted areas.

4. PROPANE OUTAGES OR SHORTAGES

- a. Develop and implement a public education and information program regarding propane conservation.
- b. Coordinate transportation regulation waivers (e.g. hours of service) in accordance with Annex H of this plan.
- c. Promote substitution of other fuels where feasible. Aid in securing variances to air pollution regulations.
- d. Provide, arrange or subsidize financial incentives for propane conservation for homes and businesses.
- e. Curtail use by and/or impose propane conservation goals on State government facilities and operations.
- f. Provide subsidies, loans, grants or similar financial support to financially disadvantaged families for payment of higher propane costs.
- g. Temporarily suspend or waive enforcement of state-mandated rules and regulations to allow use of alternative fuels and/or alternative operating conditions.
- h. Purchase and/or subsidize purchase on the wholesale market of propane for redistribution to the impacted areas.
- i. Purchase propane for delivery to critical facilities in the impacted areas.

5. LIQUID FUELS OUTAGES OR SHORTAGES

- a. Develop and implement a public education and information program regarding liquid fuels conservation.
- b. Coordinate transportation regulation waivers (e.g. hours of service, weight restrictions) in accordance with Annex H of this plan.
- c. Promote substitution of other fuels where feasible. Aid in securing variances to air pollution regulations.
- d. Provide subsidies, loans, grants or similar financial support to financially disadvantaged families for payment of higher heating fuel costs.
- e. Provide, arrange or subsidize financial incentives for liquid fuels conservation for residents and businesses.
- f. Curtail use by and/or impose liquid fuels conservation goals on State government facilities and operations.
- g. Provide for mandatory reallocation of liquid fuel supplies from various regions within the state to the areas impacted by the shortage.
- h. Request lower speed limits on highways and roads in the Commonwealth in accordance with Annex H of this plan.
- i. Establish area-wide car-pool programs that provide car-pool matching by local ride-sharing offices to area residents on request.
- j. Promote employer-based car-pool programs that provide car-pool information and matching services to employees. These programs could be supplemented by an outside agency assisting employers in setting up these services or expanded solely by employer initiative.
- k. Promote public vanpool programs. Provide vanpool information and matching services to interested participants and make the necessary arrangements to provide vans to qualified vanpool groups. Vanpooling could be encouraged as part of the Public Information Program.
- l. Increase rural car-pool parking lots that can be built on major commuter routes along state trunk lines outside urban areas. Existing lots that are being used at near capacity could also be enlarged to provide convenient, free parking to commuters.
- m. Establish preferred parking for employee car pools. Reserved parking in state government and business complexes could be offered to employees as a ride-sharing incentive.

- n. Recommend the Governor direct State department directors to reduce expenditures for vehicle travel.
- o. Encourage employers to offer telecommuting and/or flextime scheduling options to their employees to facilitate ride sharing and the use of public transit.
- p. Use school buses for public transportation to augment bus fleets. School buses could be used in tandem with transit buses along transit routes that are redesigned to respond to an increase in demand for public transit.
- q. Establish purchase plans by restricting gasoline purchases to every fourth day, based on the vehicle owner's license plate number. Operators of vehicles with license plate numbers ending in 00 to 24 could purchase gasoline on the first day of the plan, 25 to 49 on the second day, 50 to 74 on the third day, and 75 to 99 and personalized plates on the fourth day. Beginning on the fifth day, the rotation would repeat. This procedure for purchasing gasoline every four days could be extended to a longer interval if the emergency became more severe. Vehicles with commercial license plates would be exempt. Exemption tickets that would allow a one-time purchase per ticket on a non-purchase day would also be sold by the state.
- r. Impose "alternate (even-odd) days" motor vehicle refueling restrictions.
- s. Temporarily suspend or waive enforcement of state-mandated rules and regulations to allow use of alternative fuels and/or alternative operating conditions.
- t. Purchase and/or subsidize purchase of liquid fuels for redistribution to the impacted areas.
- u. Provide for liquid fuels rationing or non-essential use prohibitions in the impacted areas.
- v. Purchase liquid fuels for delivery to critical facilities in the impacted areas.
- w. Participate in appropriate state role if the federal government imposes price or allocation controls on energy sources.
- x. Implement federally mandated fuel allocation or rationing programs.

G. Operational Phases

1. Preparedness Phase

- a. Develop standard operating procedures and distribute to key personnel.

- b. Access information on existing state and federal databases regarding energy supplies and demand.
- c. Ensure that all necessary personnel are familiar with their responsibilities.
- d. Take part in tests and exercises as required by state authorities.
- e. Advise and brief energy emergency committee members of their responsibilities.
- f. Upon instructions from the Governor or representative shift to Response Phase.

2. Response Phase

a. Increased Readiness Period

- 1) Complete all steps under Preparedness Phase.
- 2) Develop energy assessment and provide to E&PPC Secretary and KyEM.
- 3) Contact energy industry personnel and energy emergency committee members to provide update assessment.
- 4) Start a continuity file notebook. (Continuity file will consist of all event related actions documented in paper format.)
- 5) Establish contact with and request information on supply and demand from producers and/or distributors of the energy type(s) of concern.
- 6) Through KyEM establish contact with county emergency management agencies in the affected areas; obtain information on current energy utilization conditions and needs.
- 7) In coordination with the KyEM Public Information Officer prepare media advisories and public announcements regarding the potential energy shortage and appropriate public actions. Coordinate press releases in accordance with Annex E of this plan.
- 8) Obtain current information regarding energy shortages, prices and curtailments in the effected region.
- 9) If the nature of the emergency involves multiple states, sharing information between like agencies should begin.
- 10) Establish contact with respective federal government agencies, providing update on emergency status and anticipated actions.

Identify and contact Federal State Coordinating Office in accordance with the Department of Homeland Security ESF #12 "Energy", as set forth in the National Response Plan.

b. Emergency Operation Period

- 1) Complete all steps under Increase Readiness Period; continue these actions throughout the Emergency Operation Period.
- 2) Upon direction of the E&PPC Secretary convene the State Energy Resources Management Board.
- 3) Advise the Governor on current and continuing functions, problems and activities in the energy area.
- 4) Assist the Governor in carrying out the policies, plans and instructions pertaining to energy resources.
- 5) Advise Governor on state energy resource needs.
- 6) Implement programs to maximize available supplies and/or minimize existing demand levels (reference paragraph F, Section IV of this annex).
- 7) Maintain current information on the availability of energy resources within the state.
- 8) Determine the best utilization of available energy resources supply.
- 9) If the situation continues to deteriorate, the ERMB may recommend that the Governor declare a state of emergency under the provisions of KRS 39A.100.
- 10) If it appears that options available to the state to deal with the problem have proven inadequate, the next level of mobilization is to request federal assistance. Federal assistance would generally be available in the case of a national/international energy emergency. The ERMB and representatives from other state departments, as appropriate, would be responsible for coordinating and monitoring federal programs. Federal assistance may be requested sooner if such actions avoid the need to take more drastic actions.
- 11) Recommend opening of public shelters during time of crisis dealing with energy related problems.
- 12) Upon instructions from the Governor or representative shift to Recovery Phase.

3. Recovery Phase

- a. Carry out operations as directed by KyEM to save lives and property.
 - b. Revert to Response or Preparedness Phase upon direction of the KyEM.
 - c. Advise the Governor on current and continuing functions, problems and activities in the energy area.
 - d. Assist the Governor in carrying out the policies, plans, and instructions pertaining to energy resources.
 - e. Advise Governor on state energy resource needs.
 - f. Maintain current information on the availability of energy resources.
 - g. Approve request for energy resources based on current policies.
 - h. Issue authorization for necessary use of energy resources to essential users.
 - i. Determine the best utilization of available energy resources supply.
 - j. Upon completion of the operation, survey organizations for cost of preparing and conducting the operation.
 - k. Critique operation for updating plan and standard operating procedures.
- H. Increased Readiness Levels will be initiated by KyEM based on information furnished by the U.S. Department of Homeland Security. The required actions are explained in Annex D of this plan.
- I. Reports concerning the availability and need of all types of energy in the state will be made to KyEM in conformity with Annex U.

V. ADMINISTRATIVE SUPPORT

- A. The Energy Resources Management Board will request additional administrative support from state government and the energy industry.
- B. *Energy Emergency Standard Operating Procedures*, Kentucky Division of Energy, September 2001.

VI. GUIDANCE PUBLICATIONS

- A. National Response Plan, Energy Support Function #12, Energy Annex.
- B. Presidential Decision Directive 63 - Policy on Critical Infrastructure Protection
<http://ocip.dis.anl.gov/pdd63.pdf>.

- C. Kentucky Division of Emergency Operations Generic County Plan, Annex P
(Energy Supply Management).
<http://kyem.dma.state.ky.us/KY%20EOP/County%20Generic%20EOP.htm>

VII. APPENDIX

P-1-1 Energy Resources Management Board

